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Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

AID-20 CEA-02 CIAE-00 COME-00 EB-11 EA-11 FRB-02

INR-10 NEA-14 NSAE-00 RSC-01 OPIC-12 SP-03 TRSE-00

CIEP-02 LAB-06 SIL-01 SWF-02 OMB-01 PA-04 PRS-01

XMB-07 STR-08 SS-20 NSC-07 L-03 DRC-01 /189 W
---------- 121546
O R 111419Z MAY 74
FM USMISSION OECD PARIS
TO SECSTATE WASH DC IMMEDIATE 2643
INFO AMEMBASSY ROME
AMEMBASSY ATHENS
USMISSION EC BRUSSELS
USMISSION GENEVA

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E.O.11652: N/A
TAGS: EGEN, OECD
SUBJECT: OECD XCSS CONSIDERATION OF DRAFT DECLARATION ON
CURRENT ACCOUNT STANDSTILL, MAY 10

1. SUMMARY: STRONG SUPPORT FROM U.S. (MALMGREN), EC (HIJZEN) AND JAPANESE (TSURUMI) DELS PAVED WAY FOR XCSS MAY 10 TO REACH AD REF AGREEMENT ON DRAFT DECLARATION (USOECD 11480) ON CURRENT ACCOUNT STANDSTILL FOR CONSIDERATION AND ADOPTION BY OECD MINISTERIAL COUNCIL MAY 29-30. DEGREE OF COMMITMENT BY ITALY AND GREECE REMAINS IN DOUBT. LANGUAGE TO AVOID EXPORT RESTRICTIONS MAINTAINED IN TEXT IN MODIFIED FORM ACCEPTABLE TO CANADIAN AND AUSTRALIAN DELS. MAIN POINTS OF DISCUSSION AND REMAINING QUESTIONS SUMMARIZED BELOW. END SUMMARY.

2. FINANCING OF BOP DEFICITS: THIS ISSUE WAS AND MAY
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WELL CONTINUE TO BE MAIN DIFFICULTY IN REACHING COMMON

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ACCORD BETWEEN STRONGER AND WEAKER MEMBER COUNTRIES. ITALIAN AND GREEK DELS ARGUED FORCEFULLY THAT ANY PLEDGE TO REFRAIN FROM UNILATERAL CURRENT ACCOUNT MEASURES MUST BE BALANCED OR UNDERPINNED BY EQUALLY CREDIBLE AND SPECIFIC UNDERTAKING TO ASSURE AVAILABILITY OF ADEQUATE FINANCING FOR COUNTRIES IN SERIOUS BOP DIFFICULTY. THEY FELT ADDITION OF PARA ON FINANCING IN REVISED DRAFT (USOECD 10771) WAS IMPROVEMENT OVER EARLIER DRAFT, BUT THEY DOUBTED THAT IT WENT FAR ENOUGH. THEY REQUESTED THAT SECGEN PREPARE NEW PAPER FOR DISCUSSION AND APPROVAL BY MINISTERS SETTING OUT IN CONCRETE FORM HDW COOPERATION TO ASSURE ADEQUATE FINANCING COULD TAKE PLACE IN PRAC-TICE. U.S., EC AND OTHER DELS EXPRESSED UNDERSTANDING OF PROBLEM, BUT MADE CLEAR THAT THEY COULD NDT GO BEYDND GENERAL STATEMENT OFFERING TO COOPERATE FULLY TO FACILITATE FINANCING AND TO CONSIDER APPROPRIATE ARRANGEMENTS WHICH MIGHT PROVE NECSARY IN THAT RESPECT. MORE SPECIFIC UNDERTAKINGS ON FINANCING SIDE MIGHT IMPLY PARLIAMENTARY APPROVAL WHICH THEY COULD NOTSSURE. TEXT OF PARA ON FINANCING WAS REVISED AS SUGGESTED BY U.S., EC AND OTHER DELS AND MAINTAINED IN DRAFT (USOECD 11480) THAT WAS AGREED AD REF.

3. AT VERY END OF MEETING ITALIAN DEL STATED THAT HE THOUGHT FINANCING PARA IN AGREED DRAFT WOULD NOT BE SATISFACTORY TO ROME AND REITERATED REQUEST THAT SECGEN PREPARE NEW PAPER FOR MINISTERIAL APPROVAL SETTING FORTH MODALITIES OF MONETARY COOPERATION TD ASSURE ADEQUATE FINANCING. (VAN LENNEP SAID SECRETARIAT WOULD REFLECT ON REQUEST, BUT HE COULD NOT PROMISE NEW PAPER.) ITALIAN DEL ALSO SAID IT WAS NOT CLEAR AT THIS STAGE HOW GOI MIGHT ASSOCIATE ITSELF WITH DECLARATION. HE NOTED THAT MANY DELS AND CHAIRMAN HAD ALLUDED TO THIS QUESTION, BUT IT HAD NOT REALLY BEEN DISCUSSED. GREEK DEL SUPPORTED ITALIAN INTERVENTION. DISCUSSION ENDED INCONCLUSIVELY AT THIS POINT FOR LACK OF TIME.

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CIEP-02 LAB-06 SIL-01 SWF-02 OMB-01 PA-04 PRS-01

XMB-07 STR-08 SS-20 NSC-07 L-03 DRC-01 /189 W
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4. EXPORT RESTRICTIONS: INORNINGESSION, CANADIAN AND AUSTRALIAN DELS URGED DELETION OF REFERENCE TO EXPORT RESTRICTIONS FROM DRAFT DECLARATION. CHAIR (JOLLES), SUPPORTED BY U.S., EC AND OTHERS, CHARACTERIZED THEIR REQUEST AS BACKWARD STEP FROM CONSENSUS REACHED AT APR 23-24 XCSS. CLEARLY ISOLATED OH ISSUE, CANADIAN AND AUSTRALIAN EASED THEIR POSITIONS IN AFTERHOONESSION AND ACCEPTED MODIFIED PARA ON EXPORT CONTROLS IN USOECD 11480.

5. ON SEVERAL OCCASIONS AUSTRALIAN DEL URGED THAT STAND-STILL DECLARATION BE LINKED STILL MORE EXPLICITLY TO "SIZE AND NATURE OF PAYMENTS IMBALANCES" ARISING FROM OIL PRICE RISE. EC DEL FELT THIS WOULD UNDULY NARROW SCOPE
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AND IMPACT OF DECLARATION. MATTER WAS LEFT UNRESOLVED, BUT IS NOT VIEWED AS SERIOUS PROBLEM.

6. XCSS AGREED TO ADD "WITH DUE REGARD TO SPECIAL NEEDS OF DEVELOPING COUNTRIES" IN LAST LINE OF DECLARATION. CHAIR'S INTERPRETATION OF MEANING OF PHRASE WAS THAT (A) IT APPLIED TO TREATMENT OF DEVELOPING MEMBER COUNTRIES; (B) IT DID NOT REDUCE THEIR OWN DEGREE DF COMMITMENT TO PLEDGE; (C) SHOULD THEY FEEL FORCED TO HAVE RECOURSE TO CURRENT ACCOUNT MEASURES THAT THEY " . . . DECLARE THEIR DETERMINATION TOVOID," THEIR

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PARTICULAR CIRCUMSTANCES WOULD BE TAKEN INTOCCOUNT
UNDER THE CONSULTATION PROCEDURES ENVISAGED IN RA (D)
OF DECLARATION.

7. STRONG SUPPORT FOR DECLARATION BY U.S., EC AND JAPAN
DID MUCH TO CARRY MORE RETICENT DELS ALDNG TO AD REF
AGREEMENT ACHIEVED. BY PRIOR ARRANGEMENT, HIJZEN
MADE ALMOST ALL SUBSTANTIVE INTERVENTIONS FOR EC EXCEPT
FOR ITALY.
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Draft Date: 11 MAY 1974
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Decaption Note:
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